

Money and the Move

Module Description

A fifty-minute lecture targeting active duty military and their spouses who are relocating due to reassignment or transition.

Materials

Financial Planning Worksheet

Financial Planning Worksheet for a PCS Move

Estimated Travel Costs and Reimbursements Worksheet

Instructor References

SECNAVINST 1754.1, Family Service Center Program

OPNAV Instruction 1740.5A (Draft), Personal Financial

Management Education, Training and Counseling Program

Command Financial Specialist Training Manual, NAVPERS
1560.8C (or later)

Relevant Websites

www.dfas.navy.mil (Defense Finance and Accounting Service)

www.bupers.navy.mil (Bureau of Navy Personnel)

www.dtic.mil/perdiem/faq
(Defense Technical Information Center Per Diem Committee)

www.dmdc.osd.mil/sites (SITES information)

www.lifelines4qol.org (Lifelines Quality of Life Mall)

www.militaryacclimate.com

Objectives

At the conclusion of this program participants will be able to:

- ◆ Define military benefits/entitlements available upon relocation.
- ◆ Identify the primary expenses likely to be encountered during relocation.
- ◆ Minimize the financial impact of relocation through spending plan development
- ◆ Implement financial strategies to maximize cash flow and avoid debt before, during and after relocation.

1*Introduction*

Introduce self, relevant Navy and work experience, number of moves made, if applicable.

Ice Breaker Question: Who has been involved in a PCS transfer before? Was your experience a positive or negative one? Why? For those of you with experience in moves, what would be your number one, most important tip for those with an upcoming move?

A PCS move can be one of the most exciting adventures of your career, as well as one of the best benefits. Many civilian employers don't cover moving expenses to the extent that DoD does. However, a PCS move can also become a financial disaster that can take months to recover from if not properly prepared for. Planning is the key to a financially healthy move. To help make your move as smooth as possible we will cover five key areas of concern:

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- ◆ The Importance of Financial Planning for Transfers
- ◆ Entitlements
- ◆ Understanding Expenses Involved with a PCS Move
- ◆ Developing a PCS Financial Plan
- ◆ Cost Cutting Financial Tips for Relocation

The Importance of Financial Planning for Transfers

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Planning is the key

Planning is the key to a financially successful relocation. There are many areas of your finances that need checking, and perhaps some changing so that you will have a smooth move. Think about the following:

- ◆ What financial obligations must you clear before departing this duty station and community?
- ◆ What financial obligations will you incur during transition from this duty station to the next? Which costs are reimbursed? Which are not?
- ◆ What financial obligations will be incurred at the new duty station?
- ◆ Do you have money set aside to pay for any expenses you must incur prior to reimbursement or that will not be reimbursed?
- ◆ How will you handle the transfer of bank accounts and changes in cash flow?
- ◆ What are the considerations surrounding spouse employment? Will there be a loss of income?
- ◆ Do you have (or will you get) enough money to cover the move? Where can you get help before, during and after the move?
- ◆ Moving is one of the most stressful events in a person's life. Are you and your family prepared for the stress associated with relocation? Have you talked about it?

Transfer Planning Worksheets

The above questions show some of the major considerations that you and your family need to think about, talk about, and determine how to deal with. There are many issues associated with a move. To help you plan, we have provided you with several worksheets to help you organize your thoughts and finances when it comes to your move.

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The first worksheet we will look at is “Financial Planning Worksheet for a PCS Move”. (PPT 4) Provide participants with the “Financial Planning Worksheet for a PCS Move. There are two sections on this form, the first lists possible sources of income. Very shortly we will cover some of the PCS entitlements that you may have coming from the military.

The second section deals with possible expenses. As you can see, this list of thirty-one possible expenses gets very specific—and yet it may not cover everything in your personal situation. This form provides an excellent starting point from which you and your family can begin to plan the expenses associated with a relocation. When you subtract the expenses in the second section from the income expected in the first section, you will have an idea of whether or not you will need additional funds of your own to help pay for the move. It is not unusual for a member to have to pay up to 30% of the cost of the move without reimbursement.

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To help you calculate some of the PCS entitlements you may have coming your way, you have been provided with a second worksheet entitled, “Estimated Travel Costs and Reimbursements.” Provide participants with the “Estimated Travel Costs and Reimbursements” Worksheet. Also, refer to the Military Acclimate web page. This provides you with some guidelines to use in calculating several of the common expenses and reimburse-

ments associated with a military move. When you have filled this in you will have more accurate numbers to feed into the Financial Planning Worksheet for a PCS Move.

Wouldn't it be great if we could sit here today and fill in all of these numbers and estimates accurately and have all the data we need to work with today? Unfortunately, it's not quite that easy. It does take a little time and research—but all the information is out there, and with a little effort you will be able to put a plan in place. You may not leave today's session with all the data you need, but you will leave knowing what data you need (and where to find it)—a great first step.

Entitlements

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Note: This is not an exhaustive discussion of pays and entitlements. For more information see the relevant sections of the CFS Manual and the Pay and Allowance module of the PFMSC. You may also want to have a Disbursing Clerk deliver this section of the training. Instructor should have current rates available. To further help you complete the Financial Planning Worksheet for a PCS Move, let's talk about some of the other PCS entitlements available to members who are being reassigned. Remember to maintain records and keep receipts during the move in order to file a claim for reimbursement at Personnel Support Detachment (PSD). Please note that entitlements to any pay or allowance is based on meeting specific eligibility requirements. Check with your disbursing office for more details on pay and entitlements, and to determine your specific entitlements in conjunction with your PCS move.

- ◆ **Advance Pay:** Advance basic pay can be drawn up to 60 days prior to your move or 60 days after arrival. Up to three months worth of basic pay can be drawn in ad-

vance with PCS orders, and must be approved by the CO. Repayment is in equal installments over 12 months, or 24 months with CO approval. If you are going to take advance pay, be sure to budget for the repayment. Have a budget review by your CFS, and consider the impact of the repayment over the next 12 to 24 months.

- ◆ **Advance Housing Allowance (BAH):** Advance BAH may be issued to cover the expenses of renting a new home or apartment. It must be requested for actual expenses, not to exceed an amount equal to three months BAH. A copy of the rental agreement or receipts or bills for one month's rent required. Repayment is normally over 12 months. If you are going to take advance housing allowance, be sure to budget for the repayment. Single sailors living in the barracks may not be entitled to this.

- ◆ **Per Diem Allowance:** Food and lodging costs are reimbursed when making a PCS move. Per Diem is paid at a daily rate for you and your family members. Auto travel at a rate of 350 miles per day (not to exceed the official authorized distance) is used to determine how many days Per Diem will be paid. Per Diem may be drawn up to 10 days in advance of the move or upon arrival. Check with PSD for current rates.

- ◆ **Mileage in Lieu of Transportation (MALT):** Members receive MALT when they drive to a new assignment. Computed using federal tables of the mileage between the old and new duty stations. Also paid to those going

overseas if they drive from their stateside location to the port of embarkation for transcontinental plane or ship, or from the port of debarkation of the new duty station. MALT may be paid up to 10 days in advance. Check with PSD for current rates.

- ◆ **Dislocation Allowance (DLA):** Members with dependents are entitled to DLA to offset some of the hidden cost of closing one home and setting up another. These costs can include rent deposits, utility hookups, etc. This allowance is equal to two and one half months' Basic Allowance for Housing (BAH Type II) and can be drawn up to ten days in advance of the transfer date, or upon arrival at the new duty station. Single or unaccompanied members may draw DLA at the 'without dependent' rate if moving into non-government quarters. DLA does not require repayment.
- ◆ **Temporary Lodging Expense Allowance (TLE):** TLE is paid for PCS transfers in the United States. TLE provides members up to \$110 a day for ten days to offset temporary housing costs incurred locally before departing an old duty station or after reporting to a new duty station. Personnel going overseas are entitled to TLE for five days prior to departure to the overseas duty station. Check with PSD for amount, it differs in each area. TLE cannot be drawn in advance.

Overseas Allowances

- ◆ **Overseas Housing Allowance (OHA):** Member may receive a housing allowance consisting of the difference between BAH and the applicable housing cost (including utilities and occupancy expenses) in the area. Member must fill out a Form DD 2367 and bring it and copy of lease to local housing officer or the CO. OHA may not cover all housing and utility costs. Also available as an advance. Request via commanding officer. Repayment can be up to 24 months.

- ◆ **Temporary Lodging Allowance (TLA):** To help offset the cost of temporary housing and meals for new arrivals overseas. The amount varies. TLA is paid in 10-day increments and usually has a 60-day limit for those arriving, and a 10-day limit for those departing. (Ten days for people living on the economy, six days for people living in government quarters.)

- ◆ **Move-in Housing Allowance (MIHA):** Lump-sum allowance to help members assigned to many overseas locations meet major expenses for major appliances or other improvements, or to pay non-refundable, rent related taxes or fees. Must establish residence on the economy within 60 days.

- ◆ **Cost of Living Allowance (COLA):** Paid to members stationed in high-cost areas overseas and certain CONUS locations. Check with PSD to verify eligibility and amounts.

- ◆ All of the above allowances are subject to change. They are directly deposited into the member's account, therefore, the member must make a determination on whether the funds will be readily accessible to meet needs. Always consult with PSD for up-to-date information and amounts. You can also visit the DFAS website www.dfas.mil, as well as the Defense Technical Information Center website at www.dtic.mil/perdiem/faq and www.militaryacclimate.com for current rate information.

Understanding Expenses Involved with a PCS Move

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Now that we have covered most of the pays and reimbursements you may be entitled to, you should have a pretty good idea of how to fill in the income portion of the Financial Planning Worksheet for a PCS Move. Let's now focus on the expense section, and look at some of the common expenses you may encounter before, during and after your PCS.

Prior to Transfer

Some of the expenses you may encounter prior to transfer include:

- ◆ **House Hunting Trip Expenses:** The Navy can grant you house-hunting leave but does not pay for the travel/lodging costs.
- ◆ **Moving Out Expenses:** Includes selling costs, dismantling major appliances, cleaning/lawn maintenance, etc.

- ◆ **Storage Costs:** Expenses associated with storing items that will not be shipped—beyond what the Navy covers.
- ◆ **Household Goods Weight Limitations:** Check with your Personal Property office. You may have to pay for items shipped in excess of the Navy's weight limitations.
- ◆ **Lodging/Food:** Costs at old location once household goods are shipped.
- ◆ **Creditor and Credit Report:** Be sure to get a copy of your credit report from all three credit bureaus prior to your transfer. Also, notify all creditors of the upcoming move (especially if OCONUS) in order to avoid missed payments that can cause a fee or increase in interest rates.
- ◆ **Miscellaneous Expenses:** Money spent on trips, souvenirs, eating out with friends, and/or parties prior to leaving.
- ◆ **Loss of Spouse's Income—CONUS:** Will there be a loss of spouse's income until employment is found at the new location? This is very often the single biggest negative financial impact (especially if Advance Pay is taken). Be sure to use the NFSC Spouse Employment program to help with your job search.

- ◆ **Car Preparation:** If you will be driving your car long distances you may need to do some maintenance. It is much cheaper to have any major work done BEFORE you leave, so you won't end up broken down on the side of the road. There are several special considerations for your Privately Owned Vehicle (POV) if you are transferring overseas:
 - ◆ Expense of delivery to point of debarkation.
 - ◆ Shipment of second vehicle overseas (overseas duty only pays for the shipment of one vehicle at government expense.)
 - ◆ Purchase of second vehicle overseas.
 - ◆ Storage of car while overseas. (Note: It may be better to sell the car vice having it sit for three years while overseas.)

NOTE:

If vehicle is leased, or if there is a note on the vehicle, the lessor or bank may not authorize movement of vehicle OCONUS.

Other Overseas Concerns:

Overseas Screening

There may be some costs associated the medical screening for dependents:

- ◆ **Medical:** Check-up and shots for dependents—will you have to pay a deductible?

- ◆ **Dental:** Check-ups for dependents, wisdom teeth, extraction, braces, etc. Will you have to pay any of the cost?
- ◆ Cost of shipping a pet overseas.
- ◆ Passports and Visas.
- ◆ **Loss of Spouse's Income—OCONUS:** A spouse can easily expect a minimum of 90 days of unemployment overseas between quitting prior to the move, thirty days leave and transit, and the job search at the new location. Also, it may be difficult to obtain the same level of employment in a foreign country—the new job may be at entry level wage or the spouse may not be allowed to work in their chosen profession overseas. In some areas the only spousal jobs available are through NEX or MWR, which are few in number and low-paying. Utilize the NFSC Spouse Employment program where available.

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In Transit: Try to make some estimate of the costs you may encounter while in transit. Most of these are on the “Estimated Travel Costs and Reimbursements” worksheet:

- ◆ **Driving Costs via POV:** Calculate at \$8.00 per 100 miles.
- ◆ **Overnight accommodations:** Can average \$60.00 to \$90.00 or higher depending on family size. Plan on one night's stay for every 350 miles.

- ◆ **Food and miscellaneous expenses:** Figure number of people x number of days x \$25.00.
- ◆ **Emergency fund:** What will you need to have in the bank if an emergency should arise during the move? How accessible is the money? We'll talk more about this in a few minutes.

After Reporting to your New Duty Station: Some of the expenses you may encounter at this stage of the relocation include:

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- ◆ Temporary Lodging/Food/Laundromat Costs
- ◆ Utility/Telephone Deposits
- ◆ Rental Deposits/House Purchase Closing Costs
- ◆ Extra Long Distance Calls
- ◆ Cleaning Supplies/Restocking Food Supplies
- ◆ Possible Increased Insurance Costs
- ◆ Car Registration/Licenses
- ◆ Possible Increased Commuting Distance/Child Care Costs
- ◆ New Clothes/Linens if Climate Change
- ◆ Medical Expenses for Dependents if Not Enrolled in Tricare or Not Using Military Healthcare Facilities

Handout:
*Provide participants with the
Financial Planning Worksheet.*

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Developing a PCS Financial Plan

The Financial Planning Worksheet: Now that we have looked at some of the income you will need, new expenses you may incur, and the entitlements and allowances provided by the Navy, it is time to put it all together into one coherent plan that you can use as a guide. This will ensure that you not only survive this move financially, but thrive in your new location. You have been provided with a copy of the Financial Planning Worksheet, an excellent tool to help you calculate current income and expenses and plan for the future.

Actual and Projected: As you can see, the budget portion of the Worksheet has two columns, Actual and Projected. These two columns allow you to write down what your income and expenses are today (“Actual” column), and then to make some projections for during and/or after your move in the Projected column. The information you have calculated on the first two worksheets in this session will provide much of the information you need for accurate projections. If you currently have a spending plan (or budget) in place, now is a great time to review it, refine it, and project for the upcoming move. If you don’t have a budget in place, what a perfect time to begin one! Invite participants to attend a budgeting class.

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Tracking Income and Expenses: In preparation for your move, keep track of your income and expenses for at least two months prior to the move and two months after. People who do not keep track of their expenses with a written spending plan often cannot account for 10% of their income. Chances are this is money you could use during your move.

Analyze your spending habits for areas to save: Decrease your living expenses as much as possible if you have a shortfall, are trying to build up emergency savings, or are reaching for other

financial goals. If you build up cash now you will be able to tolerate a possible period of difficult cash flow ahead due to unknown expenses, loss of a spouse's job, relocating to an expensive area, etc. Try to pay as many expenses as you can out of your current cash flow rather than borrowing money. Avoid debt as much as possible during transition, and even when not moving keep it to a low level (no more than 20% of your net income.)

Build up an emergency savings account: If you don't have an emergency savings fund you will need to make building one a top priority. Emergency savings provides you with a safety net should an emergency occur. You will not need to incur additional debt or use money earmarked for other purposes if you have emergency savings set aside. Besides having money available should it be needed, an adequate emergency fund will provide you and your family with tremendous peace of mind. As a guideline, try to have at least three months of expenses set aside in an emergency savings fund.

Cost Cutting Financial Tips for Relocation

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You and Your Money

- ◆ **Advance Pay:** Do not take Advance Pay unless absolutely necessary—you're spending money you haven't earned yet and lowering your income before you know what your expenses are. You can always take it at your next command if it is absolutely needed. Seek assistance from your CFS.
- ◆ **Military Facilities:** Use military temporary lodging facilities (like the Navy Lodge) whenever possible. Always ask for a military discount when using civilian lodging facilities.

- ◆ **Change of Address:** Notify all creditors, insurance companies, automatic investment programs, and the IRS of your change of address as soon as possible. Arrange to have your mail forwarded.
- ◆ **Wills:** Visit NLSO at your new location and have your will reviewed and updated to conform with the new state's law.
- ◆ **Insurance:** Comparison shop for insurance policies, particularly your auto coverage, with at least three local providers. Also, check with the Personal Property office as to insurance on your household goods while they are in transit. If you are not fully covered, obtain supplemental insurance as necessary. If you are transferring overseas, ask your insurance company to provide you with a letter stating that you have been claim-free for 1, 2 or 3 years. This may get you a 10, 20 or even 30% rate decrease.
- ◆ **Letters of Reference:** Obtain Letters of Reference from current utility/cable/telephone companies to reduce deposit costs at new location.
- ◆ **Pre-Qualification:** If you are going to be buying a home at your new duty station, pre-qualify at your bank or credit union for a home loan. Attend a class on Home Buying at your local NFSC, Housing Office or a civilian location. If you are buying a home, DO NOT take on additional debt (car loan, advance pay, etc.)
- ◆ **Financial Accounts:** Do not close your financial accounts (checking and saving) until you have a new one at

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your new location, and any allotments and/or electronic fund transfers have been successfully shifted to the new account.

- ◆ **Taxes:** Save all documentation/receipts relating to the move in case you have some unreimbursable moving expenses. They may be deductible on your income tax forms. Also, if you are moving overseas, be aware that there are unique tax considerations for any income earned in a foreign country. Consult with a tax attorney, CPA, or other tax professional.
- ◆ **Dependent Healthcare:** Determine how you will provide healthcare to your dependents at your new duty station. If you are currently enrolled in Tricare Prime, stay enrolled at the old duty station until you arrive at your new duty station. If you are transferring overseas, investigate TRICARE Europe or TRICARE Pacific. Contact the Tricare Service Center in your new location to transfer enrollment. If you are not enrolled in Tricare Prime, what healthcare facilities are available at the new duty station? If you have a dependent with special healthcare needs, should you be enrolled in the Exceptional Family Member Program?

You and Your Move

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- ◆ **Know What You Can Ship:** Know what can and cannot be shipped at government expense (i.e., alcohol, glass jars, firearms, etc.) Do not purchase these items in quantity before you move. Items not shipped by the government have to be packed, shipped and insured at your own expense.

- ◆ **Use the SITES program** to get information on your new location.
- ◆ **Yard Sales:** Have a yard sale to get rid of items you no longer want or need. If it hasn't been used in a year get rid of it. This will help you to stay below your weight limit on your household goods.
- ◆ **Inventory:** Take an inventory of all of your household goods. For high dollar items be sure to list model number, serial number, and any other important identification information. Borrow or rent a video camera and take a video inventory. Be sure to carry any inventory you make with you—do not pack it with your household goods.
- ◆ **Sponsor:** Use your sponsor—he or she can answer many questions on neighborhoods, schools, entitlements, etc.
- ◆ **NFSC Relocation Program:** Visit your local Navy Family Service Center Relocation Assistance Program for more information. They can order “Welcome Aboard” packages for you from your new duty station, as well as provide you with SITES booklets. These booklets provide a wide range of information on your new duty station and the local area, including information on education, employment, housing and base facilities. You can download SITES information yourself at www.dmdc.osd.mil/sites/.

If time permits, ask participants what other cost-cutting tips they know of. What other advice would they offer to members and their families to help make the move smooth?

Summary

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The key to a successful move is found in good planning. Consider all the expenses of a move, take a look at your current spending plan, make some projections based on anticipated expenses, and be prepared for the best!

There are many people standing by to help you with your upcoming move. If you need assistance, see:

- ◆ Your Command Financial Specialist
- ◆ Navy Family Service Center Relocation Assistance Program
- ◆ Navy Housing Office
- ◆ Personal Property Shipping Office
- ◆ Navy Legal Services Office
- ◆ Personnel Support Detachments or your Disbursing Clerk
- ◆ The Navy-Marine Corps Relief Society
- ◆ Websites:

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- ◆ www.dfas.navy.mil
(Defense Finance and Accounting Service)
- ◆ www.bupers.navy.mil
(Bureau of Navy Personnel)
- ◆ www.dtic.mil/perdiem/faq
(Defense Technical Information Center Per Diem Committee)
- ◆ www.dmdc.osd.mil/sites
(SITES information)
- ◆ www.lifelines4qol.org
(Lifelines Quality of Life Mall)
- ◆ www.militaryacclimate.com

A PCS move can be disruptive and expensive, but it can also be exciting, challenging and rewarding. Plan ahead, use all your resources, and enjoy your move.

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